

1 UNITED STATES DISTRICT COURT  
2 NORTHERN DISTRICT OF CALIFORNIA  
3 SAN JOSE DIVISION  
4

5 IN RE: HIGH-TECH EMPLOYEE )  
6 ANTITRUST LITIGATION )  
7 ) No. 11-CV-2509-LHK  
8 THIS DOCUMENT RELATES TO: )  
9 ALL ACTIONS. )

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13 VIDEOTAPED DEPOSITION OF DEBORAH CONRAD  
14 HIGHLY CONFIDENTIAL - ATTORNEYS' EYES ONLY  
15 November 21, 2012

16

17 Reported by: Anne Torreano, CSR No. 10520

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1 A. Yes.

2 Q. And can you describe for me generally what  
3 your role was with respect to that?

4 A. Same as I just described. We have a standard  
09:28:20 5 set of policies and procedures regarding compensation.  
6 It's based on grade level and skill set and experience,  
7 and our benefit package accumulates -- or is -- works  
8 in concert with the different grade levels.

9 Q. So is it fair to say that in terms of the --  
09:28:39 10 your role with respect to compensation, in terms of the  
11 policies or procedures that you apply, you followed the  
12 same policies and procedures both during the time you  
13 were in charge of Team Apple as well as the time you  
14 were head of marketing?

09:28:54 15 A. Yes.

16 Q. Well, let me ask you generally. Have you  
17 ever -- do you continue today to make decisions  
18 regarding compensation for the people that you  
19 supervise?

09:29:07 20 A. Yes.

21 Q. And has your -- have the policies or  
22 procedures changed at all generally --

23 A. Not --

24 Q. -- during that time?

09:29:16 25 A. -- substantially, no.

■ ■ [REDACTED]

■ [REDACTED]

3 [REDACTED]

4 A. Okay.

■ ■ [REDACTED]

■ [REDACTED]

■ [REDACTED] [REDACTED] [REDACTED]

■ [REDACTED] [REDACTED]

■ [REDACTED]

09:29:48 10 BY MR. SAVERI:

11 Q. And do you yourself -- you have a job title?

12 A. Yes.

13 Q. And do you have a job grade or a job

14 classification?

09:30:03 15 A. Yes.

16 Q. Are those two different things in the Intel

17 compensation structure?

18 A. Yes.

■ ■ [REDACTED]

■ [REDACTED]

■ [REDACTED]

■ ■ [REDACTED]

■ [REDACTED] [REDACTED]

■ ■ [REDACTED]

■ [REDACTED] [REDACTED]

■ [REDACTED]

■ [REDACTED]

■ [REDACTED]

4 Q. So is 2 low and 19 high?

09:30:52 5 A. Yes.

6 Q. And -- I'm sorry. I probably should -- I want  
7 to make sure that the technology is right.

8 So let me ask you about job classifications.

9 A. Okay.

09:31:27 10 Q. What are job classifications as they're used  
11 in the Intel compensation structure?

12 A. Can you clarify what you mean by  
13 "classifications"?

14 Q. Well, you told me that there are grade levels  
09:31:41 15 for Intel employees; correct?

16 A. Yes.

17 Q. And is it fair to say everyone has a grade  
18 level?

19 A. Yes.

09:31:46 20 Q. Now, are there other ways or other groups that  
21 Intel assigns people to in the -- in its compensation  
22 structure?

23 MR. HINMAN: Objection. Vague.

24 THE WITNESS: I don't understand the question.

09:32:02 25 BY MR. SAVERI:

1 Did you make that determination in  
2 consultation with other people at Intel?

3 A. Yes, I made that decision with other people in  
4 consultation.

09:42:54 5 Q. Did you have -- but did you have ultimate  
6 decision-making authority with respect to the amount of  
7 particular stock option grants with respect to people  
8 you supervised in the Apple team?

9 A. Yes.

09:43:04 10 Q. Did the company give you guidelines or  
11 parameters --

12 A. Yes.

13 Q. -- to do that?

14 A. Yes.

09:43:11 15 Q. Now, I think you said you thought you were at  
16 grade level 12 when you were in the Apple team?

17 A. Yes.

18 Q. Now, at that time, were there other grade 12  
19 employees at Intel?

09:43:43 20 A. Yes.

21 Q. And how were the different types of grade 12  
22 employees distinguished?

23 MR. HINMAN: Objection. Vague.

24 THE WITNESS: I don't understand the question.

09:43:55 25 BY MR. SAVERI:

1 Q. Well, approximately how many -- just if you  
2 can give me a sense of this, about how -- when you were  
3 a grade 12 employee at Intel, about -- can you give me  
4 a sense of how many grade 12 employees there were in  
09:44:26 5 the corporate organization?

6 A. No.

7 Q. Was it fair to say there were very many?

8 A. Yes.

■ ■ [REDACTED]

■ [REDACTED]

■ ■ ■

■ ■ [REDACTED]

■ [REDACTED]

■ ■ [REDACTED]

■ [REDACTED] [REDACTED] [REDACTED]

■ [REDACTED]

■ [REDACTED] ■

■ [REDACTED]

19 Q. Well, how -- how were the grade 12  
09:45:10 20 employees -- well, in what way were the -- those grade  
21 12 employees distinguished?

22 A. I don't understand what your question is.

23 Q. Well, were the grade 12 -- so if I'm  
24 understanding the way it works, all the grade 12  
09:45:45 25 employees were compensated at a base compensation

1 within a grade 12 salary range --

2 A. Yes.

3 Q. -- is that correct?

4 And so was, for example, a grade 12 lawyer

09:47:00 5 compensated within the same, I guess, salary band as

6 someone who was a grade 12 employee in the sales and

7 marketing department?

8 A. I believe so, yes.

9 Q. Okay. Now, were the -- how frequently at

09:47:36 10 Intel were employees reclassified with respect to their

11 employee grades?

12 MR. HINMAN: Objection. Overbroad.

13 THE WITNESS: I don't -- I don't know what you

14 mean.

09:47:45 15 BY MR. SAVERI:

16 Q. Well, were the -- at Intel, was -- or were --

17 was the compensation of employees reviewed on a

18 periodic basis?

19 A. Yes.

09:47:59 20 Q. And was one of the things that was considered

21 as part of that annual review whether particular

22 persons should be reclassified in terms of their salary

23 grade?

24 A. Yes.

09:48:11 25 Q. So again, people could move up or down or stay

1 Q. Okay. Just so I understand it, when you say  
2 "out of cycle," you mean that it was a change in  
3 compensation that was decided outside of the kind of, I  
4 think you said, January-to-April process that you  
10:06:09 5 ordinarily follow.

6 Is that fair?

7 A. Yes.

8 Q. Did you from time to time, as part of the kind  
9 of January-to-April process, raise compensation for  
10:06:26 10 particular employees or particular job titles because  
11 you thought it was important to retain them and keep  
12 them from moving to another company?

13 MR. HINMAN: Objection. Compound.

14 THE WITNESS: It's a confusing question.

10:06:41 15 BY MR. SAVERI:

16 Q. Okay. Now, in your ordinary review of  
17 compensation for the people you supervised, did you  
18 raise compensation from time to time because you  
19 believed it was important to raise that compensation to  
10:07:06 20 retain the people you supervised?

21 MR. HINMAN: Objection. Vague.

22 THE WITNESS: The compensation reviews and the  
23 raises that would come from that had to do with were  
24 they meeting their job expectations, were they  
10:07:25 25 performing and doing a great job.



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11

24 MR. HINMAN: Objection. Vague, overbroad and  
25 lacks foundation.

1 THE WITNESS: Yeah, sorry. I don't  
2 understand. Can you explain?

3 BY MR. SAVERI:

4 Q. Yeah, let me try to break it up into pieces.

10:10:12 5 Well, in Intel's compensation structure, did  
6 Intel try to treat like people alike?

7 MR. HINMAN: Objection.

8 THE WITNESS: I don't -- I don't know.

9 BY MR. SAVERI:

10:10:34 10 Q. Okay. Well, from time to time Intel hired  
11 engineers; correct?

12 A. Yes.

13 Q. And Intel -- well, it sounds like Intel hired  
14 lots of engineers --

10:11:06 15 A. Yes.

16 Q. -- is that fair?

17 Now, when someone was hired as an engineer --  
18 just let me back up.

19 There was an engineer job title at Intel;  
10:11:17 20 correct?

21 A. I believe so.

22 Q. Okay.

23 A. I don't hire engineers.

24 Q. Okay. Well, from your understanding of the  
10:11:27 25 way the compensation structure worked at Intel, when

1 Are we on the same page?

2 A. Oh, yes, yes. I'm reading it.

3 Q. Yeah, so I just have a couple questions about  
4 question and answer 21.

03:04:34 5 A. Okay.

6 Okay.

7 Q. Now, question 21 reads, or the second sentence  
8 reads, "We were told this focal budget would allow  
9 managers to address the equity issues caused by this  
03:04:55 10 pay compression."

11 Do you see that?

12 A. Yes.

13 Q. Can you explain to me what that refers to?

14 MR. HINMAN: I'll just object that it lacks  
03:05:09 15 foundation.

16 THE WITNESS: So my interpretation of this  
17 question is that this is a potential question about  
18 someone who had brought in some external people and  
19 that they paid them more than people doing existing --  
03:05:34 20 paid them -- they brought them in at a higher pay level  
21 than what people who were in the existing grade level  
22 were doing, and that they were told that at the focal  
23 time frame they could make adjustments, but now they  
24 can't do that because the focal period had been cut in  
03:05:49 25 half.

1 BY MR. SAVERI:

2 Q. So what was the equity issue that's referred  
3 to here?

4 MR. HINMAN: Objection. Lacks foundation.

03:05:59 5 BY MR. SAVERI:

6 Q. Let me ask a better question.

■ [REDACTED]

■ [REDACTED]

■ [REDACTED] [REDACTED] [REDACTED]

■ [REDACTED] [REDACTED] [REDACTED]

■ [REDACTED]

■ [REDACTED]

■ [REDACTED]

■ [REDACTED] [REDACTED]

■ [REDACTED]

16 BY MR. SAVERI:

17 Q. And when you say they make adjustments, was --  
18 do you mean that they were going to try to make  
19 adjustments to treat the new hires from outside the  
03:06:42 20 company similarly to the people who had been employed  
21 by Intel at the time?

22 MR. HINMAN: Same objection.

23 THE WITNESS: That's how I interpret this, but  
24 there's a clarification on this.

03:07:01 25 MR. SAVERI: Yeah.

1 THE WITNESS: There's two clarifications.

2 Focal happens once a year, and as managers

3 we're encouraged to just address performance and

4 compensation once a year. There's times that you do

03:07:16 5 it -- you know, it's not set in stone, but it gives us

6 a guideline of a time frame that we're going to do it.

7 The second clarification is that compensation

8 is performance based. There was no set rule that said

9 everybody's going to get a raise or everybody's not

03:07:31 10 going to get a raise.

11 What this was giving us guidelines for, if I

12 remember it correctly, is that they were taking what

13 they would have normally given to the managers to

14 allocate raises or compensation adjustments and they

03:07:44 15 were cutting that amount in half, to spread it over the

16 course of two cycles rather than one.

17 And that gave us the ability as managers to do

18 any adjustments based on performance of our employees.

19 BY MR. SAVERI:

03:08:01 20 Q. Okay. So as a general matter, this kind of

21 focal process organizationally occurred once a year?

22 A. Once a year.

23 This was an odd situation that was happening.

24 That's why we were getting this document.

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Page: 204

03:10:19

03:10:43

03:10:52

Page: 205



1 approach it this way.

2 (DEPOSITION EXHIBIT 392 MARKED.)

3 BY MR. SAVERI:

03:11:07 4 Q. So I think I've handed you what's been marked  
5 as 392.

6 A. Yes.

7 Q. And I don't think this has any Bates numbers  
8 because it was produced to us in native form, or maybe  
9 you have a copy that does have the numbers on it. Mine  
03:11:22 10 does not.

11 A. On the lower left?

12 Q. 76583 to 3888.

13 A. Okay.

14 Okay.

03:12:24 15 Q. Have you had a chance to look at this  
16 document?

17 A. Yes.

18 Q. Do you recognize this document?

19 A. No.

03:12:29 20 Q. It refers on the first page to something  
21 called "NPG human resources."

22 Do you see that?

23 A. Yes.

24 Q. Do you know what that's a reference to?

03:12:37 25 A. I believe it was a group called "network

1 Do you see that?

2 A. Yes.

3 Q. Do you know what this -- well, strike that.

4 Have you ever seen this document before?

03:51:33 5 A. No.

6 Q. Do you know what -- what this document was  
7 used for at Intel?

8 A. I don't.

9 Q. Do you know whether the HR department  
03:51:40 10 developed this document?

11 A. It appears, because it says "HR global  
12 staffing," that that's where it came from, and it  
13 appears to be a training document.

14 Q. Now, do you know --

03:51:52 15 A. But I don't know that for a fact.

16 Q. Okay. Do you know whether Intel's human  
17 resources department used this document for training  
18 purposes with respect to hiring or recruiting?

19 A. I don't know.

03:52:02 20 Q. Do you know if Intel's HR department used this  
21 document for hiring or recruiting for any positions in  
22 the organizations that you supervised?

23 A. I don't know.

24 Q. Okay. Now, if you look at page 8 of 13, it  
03:52:20 25 has the Bates number that ends 5963?

1 A. Yes.

2 Q. Do you see that?

3 A. Yes.

4 Q. There's a step 14 it says "Internal equity."

03:52:29 5 Do you see that?

6 A. Yes.

7 Q. Did you ever discuss this subject or this --  
8 this issue with anybody in Intel's human resource  
9 department?

03:52:49 10 A. Can you be -- can you clarify your question?

11 Q. Yeah, let me -- let me try.

12 Did you ever discuss with anybody in the Intel  
13 HR department whether the considerations of internal  
14 equity that are annunciated here were appropriate in  
03:53:16 15 the context of recruiting or hiring at Intel?

16 A. Yes.

17 Q. And what did you discuss with respect to that?

18 A. Generally it was discussion around making sure  
19 that we weren't overpaying or creating an inflation  
03:53:44 20 situation by bringing someone into the company that was  
21 being paid significantly more than what somebody was  
22 doing in a comparable job.

23 Q. Now, in this document it says, in the second  
24 sentence of this section, "Internal equity is defined

03:54:01 25 as a fairness criterion comparing comparable Intel jobs

1 using education, experience, skill level and  
2 performance and timing of next review period."

3 A. Yes.

4 Q. Do you see that?

03:54:12 5 A. Yes.

6 Q. Do you agree with that definition?

7 A. I do.

8 Q. And then it says, "Internal equity is used to  
9 determine wage rates for new hires and current  
03:54:19 10 employees that correspond to each job's relative value  
11 to Intel."

12 Do you see that?

13 A. Yes.

14 Q. Do you agree with that statement?

03:54:25 15 A. Yes.

16 Q. And then the section goes on to say, "It can  
17 also be used to reflect the relationship between one or  
18 more individual's base plus EB commission target based  
19 on level of contribution."

03:54:39 20 Do you see that?

21 A. Yes.

22 Q. Do you agree with that?

23 A. I do.

24 Q. And then the next section refers to  
03:54:55 25 comparables.

1 Do you see that?

2 A. Yes.

3 Q. And was it your experience that these sorts of  
4 comparables were considered in determining whether  
03:55:18 5 compensation at Intel was being set consistent with  
6 principles of internal equity?

7 MR. HINMAN: Objection. Vague and lacks  
8 foundation.

9 THE WITNESS: I don't understand your  
03:55:42 10 question. Would you repeat it?

11 BY MR. SAVERI:

12 Q. Yeah, let me try to break it into pieces.

13 This section refers to internal equity.

14 Do you see that?

03:55:50 15 A. Yes.

16 Q. And in that first bullet point it discusses  
17 comparables.

18 Do you see that?

19 A. Yes.

03:55:55 20 Q. And it says, "Comparables should include the  
21 current compensation of three to five employees in the  
22 same grade and job" --

23 A. Yes.

24 Q. -- "family within the hiring department and  
03:56:10 25 division," and then there are a series of questions.

1 Q. Oh, your --

2 A. Mine looks better than yours.

3 Q. Okay.

4 A. It's Brian Richey.

04:00:06 5 Q. All right. Do you recognize this document?

6 A. I do not.

7 Q. Okay. Do you know what Mr. Richey's job

8 was --

9 A. I don't.

04:00:18 10 Q. -- or is?

11 Do you know who he is?

12 A. No.

13 Q. Do you know if he works for Intel or not?

14 A. I assume he works for Intel --

04:00:24 15 Q. Okay.

16 A. -- given the labeling of the document.

17 Q. Okay. I take it from that that you -- you

18 never attended any meeting where this -- where these

19 slides or some version of these slides --

04:00:37 20 A. No.

21 Q. -- were presented to you?

22 A. No.

23 Q. Can you turn to page 17 of the slide deck, and

24 that slide is entitled "Applying Pay Report to Focal

04:01:04 25 Decisions."

1 A. Right.

2 Q. Now, down at the bottom there's a situation  
3 that says, "The Intel peer data and external market  
4 data aren't aligned or no data is displayed."

04:01:16 5 Do you see that?

6 A. Yes.

7 Q. Just focusing on the first of those, the Intel  
8 peer data, do you see that?

9 A. Yes.

04:01:21 10 Q. Do you know what that is?

11 A. I don't. I don't know that term. I think  
12 it's probably what it sounds like, which is the  
13 Intel -- the -- sorry, the equity, being able to look  
14 at peers and look at their -- their relative  
04:01:38 15 compensation.

16 Q. Now, as part of your participation in the  
17 focal process, did you receive studies of -- peer  
18 studies of compensation?

19 A. Yes, and I'd like to clarify.

04:02:00 20 Q. Sure.

21 A. The peer studies that I would see are within  
22 my own organization.

23 Q. And fair enough. I'm not asking whether you  
24 saw those, but just as a general matter --

04:02:10 25 A. I would be able to see my own organization's

1 compensation, and if I had reason to want to see how we  
2 compared to other groups, I could do that if I needed  
3 to.

4 Q. And when you say "other groups," do you mean  
04:02:22 5 other groups within the Intel organization other than  
6 the ones you supervised?

7 A. That's correct.

8 Q. And there's also a reference here to external  
9 market data --

04:02:31 10 A. Yes.

11 Q. -- do you see that?

12 And when you participated in the focal  
13 process, as part of the package that you received, did  
14 it include reports on compensation levels in the market  
04:02:46 15 external to Intel?

16 A. Not that I remember recently.

17 Q. Could you get that kind of information from HR  
18 or the people that were supporting --

19 A. Yes.

04:02:57 20 Q. -- that exercise if you thought it was  
21 important?

22 A. If we needed it. It was just what we would  
23 call benchmark data, yes.

24 Q. Now, would you turn to page 25, please, of the  
04:03:11 25 slide deck? And it has a discussion of business



1 transformation.

2 Do you see that?

3 A. Yes, mm-hmm.

4 Q. And there's a table, and the first column is  
04:03:21 5 "Today" and the second column is "Future."

6 Do you see that?

7 A. Yes.

8 Q. And down at the bottom of the "Today" column  
9 it says, "Staffing makes offer based on internal  
04:03:29 10 equity."

11 A. Yes.

12 Q. Was that consistent with your experience at  
13 Intel at that time? Namely, did you make -- did Intel  
14 make offers based on internal equity?

04:03:45 15 MR. HINMAN: Objection. Vague and lacks  
16 foundation.

17 THE WITNESS: Which -- which -- during which  
18 time?

19 BY MR. SAVERI:

04:03:51 20 Q. Well, let's just focus, at this point, 2011.

21 A. Could you restate the question?

22 Q. Well, let me try.

23 This says, "Staffing makes offers based on  
24 internal equity."

04:04:03 25 Do you see that?

1 A. Yes.

█ █ [REDACTED]

█ [REDACTED]

█ [REDACTED]

█ █ █

█ █ [REDACTED]

█ [REDACTED]

█ [REDACTED]

█ █ █

█ █ [REDACTED]

█ [REDACTED]

█ █ █

█ █ █

█ █ [REDACTED]

█ █ [REDACTED]

█ [REDACTED]

█ [REDACTED]

█ █ █

19 (DEPOSITION EXHIBIT 401 MARKED.)

04:05:39 20 BY MR. SAVERI:

21 Q. So I'm going to hand you Exhibit 401. It has  
22 some hand -- it has some highlighting on it, which is  
23 my highlighting when it was copied. It was copied in  
24 color. It picked it up.

04:05:53 25 A. Okay.

1 Q. So it will perhaps give some embarrassing  
2 insight into my thought process, but let me ask you  
3 just a couple questions about the document.

4 A. Okay.

04:06:05 5 Q. Do you have that document in front of you?  
6 Do you have 401 in front of you?

7 A. I have 401 in front of me, yes.

8 Q. And it has the Bates numbers 76615DOC002854  
9 through 2870.

04:06:19 10 A. Yes.

11 Q. Do you recognize this document?

12 A. I've never seen this document.

13 Q. Okay. It's entitled "Retention Risks."

14 Do you see that?

04:06:25 15 A. Yes.

16 Q. And it says "For PSO and ADB 10/31/06."

17 Do you see that?

18 A. Yes.

19 Q. Do you recognize the abbreviation "PSO" as  
04:06:35 20 the -- as the initials of Paul Otellini?

21 A. Yes.

22 Q. And in October of 2006, was he the CEO of the  
23 company?

24 A. He was, yes.

04:06:44 25 Q. Do you recognize the initials "ADB"?

1 A. Dottie Perlmutter.

2 Q. And Deborah is you?

3 A. That's me.

4 Q. Did Jobs attend all these meetings?

04:41:59 5 You said that --

6 A. Yes.

7 Q. As far as you know, Mr. Jobs attended all  
8 these meetings?

9 A. He attended all the meetings before he stepped  
04:42:04 10 aside as CEO.

11 MR. SAVERI: Okay. I don't have any further  
12 questions.

13 THE VIDEOGRAPHER: This is the end of disk No.  
14 3 in the deposition of Deborah Conrad.

04:42:14 15 The three original disks will be retained by  
16 Advantage Media [sic]. We are off the record at  
17 4:42 p.m.

18 (DEPOSITION CONCLUDED AT 4:42 P.M.)

19 --- oOo ---

20 I certify under penalty of perjury that the foregoing  
21 is true and correct.

22

23

24 Date \_\_\_\_\_

25

DEBORAH CONRAD

## 1 REPORTER'S CERTIFICATE

2 The undersigned Certified Shorthand Reporter  
3 licensed in the State of California does hereby  
4 certify:

5 I am authorized to administer oaths or  
6 affirmations pursuant to Code of Civil Procedure,  
7 Section 2093(b), and prior to being examined, the  
8 witness was duly administered an oath by me.

9 I am not a relative or employee or attorney or  
10 counsel of any of the parties, nor am I a relative or  
11 employee of such attorney or counsel, nor am I  
12 financially interested in the outcome of this action.

13 I am the deposition officer who  
14 stenographically recorded the testimony in the  
15 foregoing deposition, and the foregoing transcript is a  
16 true record of the testimony given by the witness.

17 Before completion of the deposition, review of  
18 the transcript [x] was [ ] was not requested. If  
19 requested, any changes made by the deponent (and  
20 provided to the reporter) during the period allowed are  
21 appended hereto.

22 In witness whereof, I have subscribed my name  
23 this \_\_\_\_ day of \_\_\_\_\_, 2012.

24

25 ANNE M. TORREANO, CSR No. 10520